

State of Hawaii
Housing and Community Development Corporation of Hawaii

INFORMATIONAL BROCHURE

FOR THE SECTION 8

HOMEOWNERSHIP OPTION

PROGRAM



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WHAT IS THE SECTION 8 HOMEOWNERSHIP OPTION PROGRAM?

The Section 8 Homeownership Option Program is intended to promote homeownership for qualified HCDCH Section 8 Housing Choice Voucher Program participants on the island of Oahu. The Program will provide continued monthly homeownership assistance payments to reduce a family's monthly mortgage payment, as well as pay for other monthly homeownership expenses. Such expenses include mortgage insurance premium, real estate taxes, homeowner insurance, and principal and interest on the debt to finance major repairs and replacements for the home.

WHO CAN PARTICIPATE IN THE SECTION 8 HOMEOWNERSHIP OPTION PROGRAM?

Families can participate if they:

1. are participants in the Housing and Community Development Corporation of Hawaii (HCDCH) Section 8 Housing Choice Voucher Program on the island of Oahu,
2. are receiving housing assistance payments at the time of the offering through the time of purchase,
3. submit a completed Eligibility Application packet, and
4. meet the eligibility requirements.

WHAT ARE THE ELIGIBILITY REQUIREMENTS TO PARTICIPATE IN THE PROGRAM?

Applicant families must meet certain **eligibility requirements** to participate in the Program. The requirements are summarized below.

EACH APPLICANT (including Household Members):

1. Has been admitted to the Section 8 Housing Choice Voucher Program and is currently receiving housing assistance payments.
2. Is in compliance with the terms of the lease and the Section 8 Housing Choice Voucher Program.
3. Satisfies the first-time homeowner requirements.
At eligibility review and at the start of homeownership assistance, the Applicant shall be:
 - a. A first time homeowner in which no family member holds any present ownership interest in a principal residence during the three years prior to the start of homeownership assistance for the family. The term "first-time homeowner" includes a single parent or displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse;
 - b. A cooperative member; or
 - c. A family of which a family member is a person with disabilities and use of the homeownership option is needed as a reasonable accommodation so that the Program is readily accessible to and usable by such a person.
4. Satisfies the minimum income requirements.
 - a. At eligibility review and at the start of homeownership assistance, the Applicant shall demonstrate that the annual income of the adult family members who will own the home is not less than the federal minimum hourly wage multiplied by 2,000 hours. For 2003, the minimum income is \$10,300 per year.
 - b. Except for an elderly or disabled family, any welfare assistance received by the family shall **not** be counted in determining annual income.

5. Satisfies the employment requirements.
 - a. The Applicant shall demonstrate that one or more adult members of the family who will own the home at the start of homeownership assistance meet the following employment requirements:
 - 1) Is currently employed on a full time basis, with an average of not less than 30 hours per week; and
 - 2) Has been continuously so employed during the year before the start of homeownership assistance for the family.
 - b. The following shall be exempt from the employment requirements:
 - 1) An elderly family;
 - 2) A disabled family; or
 - 3) A family that includes a person with disabilities and the corporation has determined that an exemption is needed as a reasonable accommodation so that the Program is readily accessible to and usable by persons with disabilities.
6. Has not defaulted on a mortgage securing debt to purchase a home under the homeownership option.
7. The family adult members who are the purchasers must meet the definition of a qualified resident:
 - a. Is a citizen of the United States or a resident alien, or a person who is originally from a freely-associated state (Micronesia, Palau or the Marshall Islands);
 - b. Is at least eighteen years of age; and
 - c. Is domiciled in the State and shall physically reside in the dwelling unit purchased.
8. Attends and satisfactorily completes an approved pre-assistance homeownership counseling program before the start of homeownership assistance, which include, but are not limited to the following topics:
 - a. Home Maintenance (including care of the grounds);
 - b. Budgeting and money management including the knowledge and use of individual development accounts to assist in saving for the down payment and closing costs;
 - c. Credit counseling;
 - d. How to negotiate the purchase price of the home;
 - e. How to obtain homeownership financing and pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
 - f. How to find a home, including information about homeownership opportunities, schools, and transportation in the PHA jurisdiction;
 - g. Advantages of purchasing a home in an area that does not have a high concentration of low income families and how to locate homes in such areas; and
 - h. Information on fair housing, including fair housing lending and local fair housing enforcement agencies, and Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.)(RESPA), state and federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.
9. Pre-qualifies for a mortgage loan.

Financing for purchase of the home must comply with:

 - a. Secondary mortgage requirements; and
 - b. Generally accepted private sector underwriting standards

IF SOMEONE IS ELIGIBLE, HOW DOES ONE APPLY?

When HCDCH opens the Program to receive applications, HCDCH will notify and mail applications to Section 8 Housing Choice Voucher participants who are receiving housing assistance at the time of the notification. Interested participants are to complete the Eligibility Application and submit it to HCDCH within the timeframe specified.

WHAT HAPPENS AFTER THE ELIGIBILITY APPLICATION IS SUBMITTED?

1. Step 1: Initial Application Review

- a. The HCDCH will date and time stamp the completed Application when it is received. Applications received within the specified time will be processed for review. Applications received after the deadline will not be accepted.
- b. HCDCH will review the application and all attached documentation to determine if Applicant meets the first 7 eligibility requirements and will notify Applicants of the determination.
- c. An Applicant family who has misrepresented material information shall not be eligible to apply and participate in the Program.

2. Step 2: Completion of Pre-assistance Homeownership Counseling Program

- a. After the HCDCH determines that an Applicant has met the first 7 eligibility requirements, the HCDCH will direct the Applicant family to an HCDCH approved Homebuyer Education Provider and will provide further details to accomplish this requirement.
- b. Each person who will be listed on the property title and the mortgage loan documents will be required to attend and complete an HCDCH approved pre-assistance homeownership counseling program within a reasonable time. A Completion Certificate or letter will be issued to the Applicant family by the Provider upon satisfactory completion of the classes.
- c. When HCDCH receives this certificate or letter, the eighth eligibility requirement will be fulfilled.
- d. If the Applicant does not complete this requirement, the Applicant will not be able to continue further with the Program, but may re-apply later when HCDCH reopens the acceptance of applications for the Homeownership Program.

3. Step 3: Pre-qualification for a Mortgage Loan

- a. Upon receiving a copy of the Completion Certificate or letter for the satisfactory completion HCDCH will provide the Applicant with a list of approved lenders and further instructions on the steps needed to obtain a Mortgage Loan Pre-qualification Letter.
- b. When HCDCH receives the Mortgage Loan Pre-qualification Letter from the Applicant, the ninth eligibility requirement will be fulfilled.
- c. If the Applicant does not complete this requirement, the Applicant will not be able to continue further with the Program, but may re-apply later when HCDCH reopens the acceptance of applications for the Homeownership Program.

4. **Step 4: Notification of Eligibility**

- a. Upon meeting all of the eligibility requirements, an Applicant will be considered a qualified Eligible Applicant and will be notified as such.
- b. If there are certificates available, the HCDCH shall issue the Eligible Applicant a Certification of Section 8 Homeownership Eligibility. With this certificate, the Applicant will have 90 days to look for a home to purchase and to secure a purchase contract.
- c. In the event the HCDCH has issued all the Section 8 Homeownership Eligibility Certifications, the Eligible Applicant shall be placed on a Priority List.
- d. An Applicant who has been determined to be ineligible for admission or participation in the Program, shall be afforded an opportunity to request for an informal review of their ineligibility.

5. **Step 5: Homeownership**

- a. Once the Applicant has found a home to purchase, the Applicant shall provide the HCDCH with a copy of the sales contract and inspection reports to review and determine that all the Home Inspection and Contract of Sale requirements have been met.
- b. Upon the approval of the sales contract and loan documents by HCDCH and the home meeting the housing quality standards, the Applicant will be able to close the purchase of the unit.
- c. HCDCH will issue a Homeownership Assistance Payment Certification to the Applicant and will begin making homeownership assistance payments to the lender after recordation. The family will be required to pay the balance of the mortgage payments to the lender.
- d. The homeownership assistance payments will continue as long as the family qualifies for assistance and occupies the home for a term up to 15 years if the mortgage term is 20 years or longer. Elderly or disabled families may receive assistance for the term of the mortgage if they continue to meet certain requirements. To receive continued assistance, the family must comply with ongoing obligations such as:
 - 1) Ongoing counseling as required by the HCDCH.
 - 2) Compliance with terms of the mortgage.
 - 3) Prohibition against conveyance or transfer of the home.
 - 4) Supplying information as required by HCDCH or HUD.
 - 5) Notifying HCDCH before the family moves out of the home.
 - 6) Notifying HCDCH if the family defaults on the mortgage.
 - 7) Prohibition of ownership interest on a second home.
 - 8) Prohibition against committing drug related criminal activity or violent criminal activity.
- e. The family will be permitted to move within the HCDCH jurisdiction subject to a family's compliance with HCDCH's continued assistance requirements. The family will be permitted to move out of HCDCH's jurisdiction subject to a family's compliance with HCDCH's continued assistance requirements and subject to the receiving Public Housing Agency (PHA) having a voucher homeownership program and accepting new homeownership families into their program.

WHERE CAN I GET MORE INFORMATION ON THIS PROGRAM?

For any questions or more information, please contact:

	<u>Office Hours</u>	<u>Telephone</u>
State of Hawaii Housing and Community Development Corporation of Hawaii (HCDCH) Real Estate Services Section 677 Queen Street, Suite 300 Honolulu, Hawaii 96813	8:00 AM TO 4:30 PM Monday thru Friday (except for holidays)	587-0510 or 587-0521